

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1279
INFO ALL USCONS MEXICO POUCH

C O N F I D E N T I A L MEXICO 11158

EO 11652: GDS
TAGS: EAGR, ECON, ELAB, MX
SUBJECT: STATUS OF NATIONAL EMPLOYMENT PLAN

1. MEMBER OF PRESIDENT LOPEZ PORTILLO'S ECONOMIC ADVISORY GROUP TOLD EMBOFFS JULY 6 THAT REALISTICALLY IT WOULD BE AT LEAST TWO YEARS BEFORE NATIONAL EMPLOYMENT PLAN IS COMPLETE AND READY FOR EFFECTIVE IMPLEMENTATION. EVEN WHEN PLAN GOES INTO EFFECT, HE WAS NOT OPTIMISTIC THAT MEXICO BY END OF THIS SEXENIO CAN EXPECT TO DO MORE THAN KEEP PACE WITH INCREASE IN NEW ENTRANTS INTO LABOR FORCE OCCASIONED BY SERIOUS DEMOGRAPHIC PRESSURES. OVER THE LONGER RUN HE PERSONALLY IS NOT OPTIMISTIC THAT MEXICO CAN PROVIDE SUFFICIENT EMPLOYMENT TO KEEP ABREAST OF DEMOGRAPHIC EXPLOSION, ALTHOUGH SUCCESS IN THIS ENDEAVOR WILL DEPEND ON ITS ABILITY TO FIND ECONOMICALLY SOUND AND PRODUCTIVE INVESTMENTS FOR ANTICIPATED OIL INCOME. IN SEPARATE MEETING WITH SECLAB OFFICIAL, DR. GUIDO BELSASSO, HE AGREED TO PROVIDE ALL AVAILABLE, PUBLISHED DOCUMENTATION ON THE NATIONAL EMPLOYMENT PLAN. UPON ITS AR-
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RIVAL, EMBASSY WILL POUCH TO DEPARTMENT.

2. ASKED ABOUT STATUS OF GOM PLANS IN AGROINDUSTRIAL AREA, PRESIDENTIAL ADVISOR SAID THIS PROGRAM IS RELATED TO LARGER EMPLOYMENT PLAN BUT COULD MOVE AHEAD SOONER AFTER PRESIDENT'S PROPOSALS FOR REFORMING AGRARIAN LAWS ARE APPROVED BY THE CONGRESS, HOPEFULLY DURING THIS FALL'S

LEGISLATIVE SESSION. HE STATED THAT PRESIDENT AND OTHER GOM OFFICIALS ARE STILL VERY CONCERNED ABOUT THE LAGGING PRODUCTION IN AGRICULTURE; IT IS UNREALISTIC TO EXPECT ANY SIGNIFICANT IMPROVEMENT INVOLVING INCREASED PRIVATE-SECTOR INVESTMENT UNTIL REVISED AGRARIAN REFORM LAWS ARE ADOPTED BY CONGRESS AND PROVIDE SECURITY OF LAND TENURE WHICH IS NECESSARY TO STIMULATE SUCH INVESTMENT. PRINCIPAL GOM FOCUS WILL BE ON ORGANIZATION AND RATIONALIZATION OF "EJIDOS." WHILE THERE IS GROWING SHORTAGE OF ARABLE LAND, PRINCIPAL CONSTRAINT ON INCREASING AGRICULTURAL PRODUCTION AND PRODUCTIVITY RELATES MORE TO CONFIDENCE, SECURITY OF LAND TENURE AND MORE EFFECTIVE ORGANIZATION OF "EJIDO" SYSTEM, ADVISOR CONCLUDED. HE SPOKE POSITIVELY OF NEW AGRARIAN REFORM SECRETARY, ANTONIO TOLEDO CORRO, WHOM HE DESCRIBED AS COMPETENT ADMINISTRATOR AND BUSINESSMAN, BUT HE SAID TOLEDO IS STEPPING INTO "NO WIN" SITUATION IN ATTEMPTING TO COPE WITH POLITICAL AND LAND TENURE PRESSURES IN THE COUNTRYSIDE.

3. COMMENT: RATHER PESSIMISTIC ASSESSMENT OF ECONOMIC ADVISOR IS REFRESHINGLY HONEST, BUT PROBABLY REALISTIC IN TERMS OF EMPLOYMENT OUTLOOK FOR BALANCE OF JLP ADMINISTRATION. IT REINFORCES VIEW WE HAVE REPORTED, THAT RECENT HEAVY BARRAGE OF PUBLICITY ON "PLAN DE EMPLEO" IS AT THIS POINT LITTLE MORE THAN POLITICAL FODDER FOR THOSE CONCERNED ABOUT MEXICO'S HIGH LEVEL OF UNDER/UNEMPLOYMENT. CONFIDENTIAL

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